

106TH CONGRESS
2^D SESSION

H. R. 4722

To impose a temporary moratorium on the privatization and outsourcing of Department of Defense functions that are currently being performed by Department of Defense civilian employees.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2000

Mr. SAXTON (for himself and Mr. HOSTETTLER) introduced the following bill;
which was referred to the Committee on Armed Services

A BILL

To impose a temporary moratorium on the privatization and outsourcing of Department of Defense functions that are currently being performed by Department of Defense civilian employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Department of Defense
5 Privatization and Outsourcing Moratorium Act”.

1 **SEC. 2. MORATORIUM ON PRIVATIZATION AND**
2 **OUTSOURCING OF DEPARTMENT OF DE-**
3 **FENSE FUNCTIONS.**

4 (a) FINDINGS.—Congress finds the following:

5 (1) There is conflicting evidence that the cur-
6 rent privatization and outsourcing efforts of the De-
7 partment of Defense, including the Departments of
8 the Army, Navy, and Air Force, are reducing the
9 cost of support functions within the Department.

10 (2) Typically, these privatization and
11 outsourcing efforts result in contractors simply re-
12 placing civilian employees of the Department at
13 lower initial costs, but higher longer-term costs,
14 while stagnating organizational improvements that
15 would otherwise result in greater efficiencies and ef-
16 fectiveness.

17 (3) Recent and current privatization and
18 outsourcing efforts in some cases appear to have cre-
19 ated serious oversight and accountability problems
20 for the Department.

21 (4) The Department, as a general practice, has
22 adjusted the operating budgets of the Armed Forces
23 and specific military installations to reflect savings
24 anticipated as a result of Office of Management and
25 Budget Circular A-76 studies and subsequent pri-
26 vatization and outsourcing activities.

1 (5) The massive drawdowns in the size of the
2 Armed Forces during the 1990's and the restruc-
3 turing of military installations through the base clo-
4 sure process have created a climate in which making
5 accurate decisions concerning privatization and
6 outsourcing are further complicated due to the dy-
7 namic nature of the civilian workforce of the Depart-
8 ment.

9 (6) The Department should pursue alternatives
10 to the privatization and outsourcing approach con-
11 ducted under the A-76 process, such as “Strategic
12 Sourcing”, to find its most efficient organization to
13 perform commercial or industrial type functions.

14 (b) MORATORIUM.—(1) Chapter 146 of title 10,
15 United States Code, is amended by adding at the end the
16 following new section:

17 “**§ 2475. Moratorium on privatization and outsourcing**

18 “(a) MORATORIUM.—(1) During the period specified
19 in subsection (b), any commercial or industrial type func-
20 tion of the Department of Defense that, as of the date
21 of the enactment of this section, is being performed by
22 Department of Defense civilian employees may not be
23 changed to performance by the private sector.

1 “(2) The moratorium applies to a function even
2 though, as of the date of the enactment of this section,
3 the function—

4 “(A) is the subject of a study or report under
5 section 2461 of this title for conversion to contractor
6 performance; or

7 “(B) is being considered for such conversion
8 under the procedures and requirements of Office of
9 Management and Budget Circular A-76.

10 “(3) As part of the moratorium, the Secretary of De-
11 fense shall order the suspension of any study being con-
12 ducted under section 2461 of this title or Office of Man-
13 agement and Budget Circular A-76 regarding a commer-
14 cial or industrial type function of the Department. New
15 studies regarding such a function at a military installation
16 may not be commenced under such section or circular dur-
17 ing the period of the moratorium.

18 “(b) DURATION OF MORATORIUM.—The moratorium
19 imposed under subsection (a) begins on the date of the
20 enactment of this section and shall continue until the end
21 of the five-year period beginning on the date the Secretary
22 of Defense certifies to Congress that all actions necessary
23 to carry out the 1995 round of base closures and realign-
24 ments have been completed under the Defense Base Clo-

1 sure and Realignment Act of 1990 (part A of title XXIX
2 of Public Law 101–510; 10 U.S.C. 2687 note).

3 “(c) EXCEPTION.—The moratorium imposed under
4 subsection (a) does not apply to a commercial or industrial
5 type function of the Department of Defense that is being
6 converted, or is being considered for conversion, to per-
7 formance by the private sector under a Strategic Sourcing
8 or Business Process and Re-engineering plan of the De-
9 partment.

10 “(d) REPORT EVALUATING CONVERSION TO CON-
11 TRACTOR PERFORMANCE.—(1) Not later than 18 months
12 after the date of the enactment of this section, the Sec-
13 retary of Defense shall submit to Congress a report
14 evaluating—

15 “(A) each conversion of a commercial or indus-
16 trial type function of the Department of Defense to
17 contractor performance that was carried out, in
18 whole or in part, since October 1, 1996; and

19 “(B) each commercial or industrial type func-
20 tion of the Department that was considered, since
21 that date, for conversion to contractor performance
22 under section 2461 of this title or Office of Manage-
23 ment and Budget Circular A–76, but that was not
24 converted.

1 “(2) At a minimum, the report shall contain the fol-
2 lowing information for each function covered by the re-
3 port:

4 “(A) The code, title, and actual functions per-
5 formed by civilian employees of the Department.

6 “(B) The cost to study the function for possible
7 conversion.

8 “(C) The number of civilian employees affected.

9 “(D) The personnel cost of the conversion, in-
10 cluding costs resulting from reduction in force, re-
11 tirement, retraining and other movement and sepa-
12 ration costs.

13 “(E) The cost and identity of materials, equip-
14 ment and facilities provided contractors in conver-
15 sion to contractor performance.

16 “(F) The cost of the initial contract, the num-
17 ber of employees expected to perform the function,
18 and variants in each thereafter.

19 “(3) The report shall also contain the following ag-
20 gregate information for the functions covered by the re-
21 port:

22 “(A) The average annual costs or savings asso-
23 ciated with all Department conversions to contractor
24 performance.

1 “(B) The overall average annual costs or sav-
2 ings resulting from efficiencies achieved in Depart-
3 ment functions described in paragraph (1)(B).

4 “(e) EFFECT OF MORATORIUM ON OPERATING
5 BUDGETS.—On account of the moratorium imposed under
6 subsection (a), the Secretary of Defense shall provide for
7 an adjustment in the operating budgets of the armed
8 forces and military installations to compensate for the fact
9 that the operating budgets of the armed forces and many
10 military installations were reduced, before the start of the
11 moratorium, to reflect future savings anticipated as a re-
12 sult of completing the A-76 competitive study process and
13 converting to contractor performance those commercial
14 and industrial type functions of the Department of De-
15 fense that are now subject to the moratorium.”.

16 (2) The table of sections at the beginning of such
17 chapter is amended by adding at the end the following
18 new item:

“2475. Moratorium on privatization and outsourcing.”.

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